NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange (CME), Grade AA increased 6 3/4 cents to $1.1450, Grade A increased 7 cents to $1.0700, and Grade B increased 7 cents to $1.0700. Also at the CME, barrel cheese increased 1/2 cent to $1.3250 and 40# blocks are unchanged at $1.3925.

According to NASS, milk production in the 20 major states during August totaled 11.3 billion pounds, 4.4% above production in these same states in August 1996. July revised production, at 11.4 billion pounds, was 4.6% above July 1996. Production per cow averaged 1,454 pounds for August, 72 pounds (5.2%) above August 1996. The number of cows on farms was 7.74 million head, 58,000 head (0.7%) below August 1996 and down 3,000 from July 1997.

According to World Agricultural Supply and Demand estimates report, milk production is larger than expected as both output per cow and the number of cows slightly exceed expectations. The milk production forecasts for the remainder of 1996/97 and for 1997/98 are boosted. Stocks of dairy products, particularly nonfat dry milk, are larger than expected. Weakness in the skim market is resulting in CCC purchases of nonfat dry milk under the price support program. Commercial use estimates for 1997/98, on both a fat and skim solids basis, are increased. Milk price forecasts for 1997/98 are reduced slightly.

During July 1997, sales of fluid milk products in comparable Federal milk order marketing areas and California were 0.3% below the previous year but 0.4% above May 1997 on an adjusted daily average basis. Sales of whole milk items were 0.5% below the previous year and sales of lowfat and skim milk items were down 0.4%. Total fluid milk sales were higher in the Far West; lower in all other regions.

During August, about 7.6 billion pounds of milk were marketed under Federal orders. (Since significant volumes of milk that normally would have been pooled under Federal milk orders were not pooled in August 1997 and 1996, the following comparisons involving producer deliveries have been estimated.) For comparable markets, producer deliveries were about unchanged from August 1996, and about 4.9% less than July 1997 on a daily average basis. Milk utilized in Class I products in August was 0.7% more than last year on an adjusted basis. Class I use this year represented 49% of producer milk deliveries compared to 50% in August 1996. The average blend price was $12.60 per cwt., $3.10 less than last year. The following are changes in class prices from year-earlier levels: Class I, down $3.18; Class II, down $3.18; Class III, down $2.87; and Class III-A, down $3.90.

The August 1997 Consumer Price Index (CPI) for all food is 157.6, +2.5% from August 1996. The dairy products index at 143.4, is -0.8% from a year ago. The August to August changes in selected dairy products are: fresh whole milk -2.5%, cheese +0.1%, and other dairy products (includes butter) -2.4%.

Milk production patterns are starting to level out for the season. In the East, production is steady and fluid milk supplies are fully adequate. Surplus milk volumes have tightened in both the North and Southeast areas. Milk receipts are steady to often lower throughout most of the upper Midwest. Production patterns in the Southwest remain ahead of last year and output is holding steady. Milk volumes are reported to be fully sufficient for current bottling and manufacturing purposes. In the Pacific Northwest, many plant contacts are commenting on a sharp downturn in production over the past two weeks. Milk is declining at a faster rate in the Mountain States region as well.

Nonfat dry milk prices are steady to lower and the market tone remains weak. Stocks are in ample supply across the country. Producers are discounting product to stimulate sales and keep inventories from accumulating. Offerings to the CCC and DEIP orders continue. The whey market remains firm and prices are higher. Buyers are surprised at the great difficulty in finding available product. Production levels are lighter and are often insufficient to fill contracts. Offerings from both producers and resellers are very tight.

During the week of September 15 - 19, CCC net dairy product purchases under the price support program were 3,189,052 pounds of Western nonfortified NDM.

SPECIAL THIS ISSUE

BUTTER MARKETS

CHICAGO WHOLESALE

Dollars per pound, trucklot, bulk in fiber boxes, delivered metropolitan area, prices include CCC purchase price whenever bulk butter is moving to CCC from the Midwest area.

GRADE	SEPTEMBER 16	SEPTEMBER 18	SEPTEMBER 19
AA	$1.0775 - 1.0875	$1.0775 - 1.0875	$1.0775 - 1.0875
	(.0375) (.0375)		
A	$1.0000 - 1.0100	$1.0000 - 1.0100	$1.0000 - 1.0100
	(.0400) (.0400)		

( ) Change from previous price.

BUTTER HIGHLIGHTS: At the Chicago Mercantile Exchange, in active trading, Grade AA increased 6 3/4 cents to $1.1450, Grade A increased 7 cents to $1.0700, and Grade B increased 7 cents to $1.0700. Bulk and print butter markets are firm. Churning schedules are seasonally active, although not all current production is available for domestic needs. Recent DEIP butter activity is absorbing quite a bit of current Western production of which much of the butter is 82% unsalted. Fresh 80% salted supplies are not as readily available. Overall buying interest is seasonally fair.

CHEESE MARKETS

WISCONSIN ASSEMBLY POINTS

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants or storage centers, prices include CCC purchase price whenever cheese is moving to CCC from the Midwest area.

CHEDDAR STYLES	SEPTEMBER 15 - 19, 1997
BARRELS*	$1.3200 - 1.3400 (NOMINAL)
	(-.0150) (-.0150)
40# BLOCKS	$1.4025 - 1.4275 (NOMINAL)

( ) Change from previous week. * If steel, barrel returned.

CHEESE HIGHLIGHTS: The cheese market is steady on blocks, unsettled on barrels. At the Chicago Mercantile Exchange in moderate trading, blocks were steady at $1.3925, but barrels rebounded 1/2 cent to $1.3250. Current natural varieties remain generally tight to in balance. Manufacturing milk volumes remain seasonally tight. Process interest is mostly fair at best. CCC cheese invitations for November shipment are found on page 13 of this report.

CHICAGO MERCANTILE EXCHANGE

BUTTER TRANSACTIONS ON FRIDAY, SEPTEMBER 19, 1997

(CARLOT UNIT = 40,000 - 42,000 LBS.)

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION - LST		
AA	+.0675	$1.1450	OFFER	09/19/97
A	+.0700	$1.0700	BID	09/19/97
B	+.0700	$1.0700	BID	09/19/97

SALES: 57 CARS GRADE AA:
1 @ $1.0900, 2 @ $1.1000, 2 @ $1.1100, 2 @ $1.1200,
5 @ $1.1450, 21 @ $1.1500, 24 @ $1.1475

BIDS UNFILLED: 11 CARS GRADE AA:
1 @ $1.1200, 5 @ $1.1000, 5 @ $1.0800
1 CAR GRADE A @ $1.0700 (LST)
1 CAR GRADE B @ $1.0700 (LST)

OFFERS UNCOVERED: 31 CARS GRADE AA:
5 @ $1.1600, 10 @ $1.1500, 6 @ $1.1475, 10 @ $1.1450 (LST)

CHEESE TRANSACTIONS ON THURSDAY, SEPTEMBER 18, 1997

(CARLOAD UNIT = 40,000-44,000 LBS.)

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION		
BARRELS	.0050	$1.3250	OFFER	09/18/97
40# BLOCKS	N.C.	$1.3925	SALE	09/18/97

SALES: 28 CARS BARRELS: 4 @ $1.3200,
8 @ $1.3225, 5 @ $1.3250, 10 @ $1.3300, 1 @ $1.3325
3 CARS 40# BLOCKS @ $1.3925 (LST)

BIDS UNFILLED: 3 CARS 40# BLOCKS @ $1.3925

OFFERS UNCOVERED: 11 CARS BARRELS: 1 @ $1.3250 (LST),
1 @ $1.3300, 3 @ $1.3325, 1 @ $1.3350, 1 @ $1.3400,
1 @ $1.3450, 1 @ $1.3500, 1 @ $1.3550, 1 @ $1.3625
2 CARS 40# BLOCKS (AGED 7 MONTHS) @ $1.5200

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE 1/

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Other Dairy Products		Meat, Poultry, Fish and Eggs	
	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/
JUNE 1997	156.6	2.6	144.1	3.1	141.6	1.5	147.1	3.9	132.4	4.4	147.9	3.4
JULY 1997	157.0	2.5	143.3	0.9	139.7	-1.3	146.9	2.4	134.5	-0.7	148.2	3.0
AUG 1997	157.6	2.5	143.4	-0.8	139.2	-2.5	146.8	0.1	136.5	-2.4	149.1	2.4

U.S. City Average Retail Prices

Month	Whole Milk 4/		Lowfat Milk 4/		Butter 5/		Process Cheese 6/		Natural Cheese 7/		Ice Cream 8/	
	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
	Dollars											
JUNE	2.587	2.599	2.364	2.390	2.026	1.906	3.400	3.304	NA	3.374	2.877	2.827
JULY	2.557	2.649	2.362	2.435	2.108	2.269	3.342	3.228	3.422	2.919	2.844	2.851
AUG	2.551	2.666	2.329	2.460	2.154	2.396	3.352	3.363	NA	2.932	2.927	2.966

* NA Not available. 1/ "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. 2/ The standard reference base period for these indexes is 1982-1984 = 100. 3/ Percent change over previous year. 4/ Per gallon. 5/ Per pound. Grade AA, salted, stick butter. 6/ Per pound, any size and type of package. 7/ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). 8/ Per 1/2 gallon, prepackaged regular.

PRINT BUTTER MARKETS - GRADE AA

NORTHEAST

Prices are 3 3/4 cents higher and the market tone is unsettled. Some contacts had predicted the increase while many others thought prices would drop. This uncertainty is leading to sporadic buying interest. However, retail chains are placing orders for anticipated needs during the holiday season. Production levels range from moderate to lighter. More producers are selling their fluid cream and using storage butter to fill print orders. Retail sales are mostly steady, best when featured. Food service orders are fair to good.

WHOLESALE PRICES: MIN 25 BOXES
DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	:	1.2875-1.5350
1 LB. PRINTS	:	1.2025-1.3850
CHIPS/PATTIES	:	1.2650-1.4450
REDDIES	:	1.3400-1.5350
CONTINENTALS	:	1.4200-1.5950

CENTRAL

Print butter prices continue to increase following the 3 3/4 cent increase recorded at the September 12 Chicago Mercantile Exchange. Producers and handlers have mixed opinions about the market firmness of the past few weeks. Stocks are reported to be in balance for most all needs. Current churning schedules are seasonally active, providing adequate volumes of bulk and print butter for current and future needs. Orders that are being placed are occurring with caution. Some feel that the market is unstable, thus they are limiting orders to short term needs. Others feel that this is the typical early fall price increase and continue to place regular orders.

FOB CENTRAL STATES PLANTS: MIN 20,000 POUNDS, $ PER POUND

1/4 LB. PRINTS	:	1.1775-1.5850
1 LB. PRINTS	:	1.1425-1.3050
CHIPS/PATTIES	:	1.1675-1.3775
REDDIES	:	1.2525-1.4875
CONTINENTALS	:	1.4075-1.5975

WEST

Butter prices are firm following trading at the CME on September 12. The market has an unsettled undertone at present, but it is trending to a firmer position. Many Western producers are tied up for the near term to fulfill commitments. Eastern and Midwestern buyers are going West looking for butter without much success. Some contacts remain unsure whether the market is really this firm with current milk supplies, butter production, and butter stocks. Cream sales are mixed with some plants cutting off additional cream sales while others are selling good volumes of cream. Butter output is falling at a faster rate seasonally in most areas of the West, California being the exception.

WHOLESALE SELLING PRICES: DELIVERED WESTERN CITIES
150 - 1000 POUNDS, DOLLARS PER POUND

1/4 LB. PRINTS	:	1.3600-1.4075
1 LB. PRINTS	:	1.2900-1.3500
PATTIES	:	1.3325-1.4975
REDDIES	:	1.4575-1.4750

FOB CALIFORNIA PLANTS - GRADE AA
100 CASES AND UP, DOLLARS PER POUND

1/4 LB. PRINTS	:	1.0750-1.1150

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
		:	
09/15/97	23,172	:	113,487
09/01/97	29,320	:	118,256
CHANGE	-6,148	:	-4,769
% CHANGE	-21	:	-4

NASS CHEDDAR CHEESE PRICE SURVEY

	40# BLOCKS			640# BLOCKS	BARRELS (adjusted to 39% moisture)		
WEEK ENDING	MN/WI	WEST	U.S.	U.S.	MN/WI	OTH STATES	U.S.
	1.4162	1.3631	1.3783	1.4014	1.3384	1.3128	1.3214
SEPTEMBER 12	1,457,273	3,840,304	5,355,751	1,168,918	2,654,988	5,183,536	7,838,524

Further data may be found on the Internet at: http://usda.mannlib.cornell.edu/reports/nassr/price/cheddar/

CHEESE MARKETS

NORTHEAST

Prices are unchanged on natural items; 1 1/2 cents lower on most process items. The market tone is unsettled. Contacts wonder if prices of 40# blocks will move any higher, lower, or hold at this level until holiday needs are filled. Consequently, purchases are mostly for normal, weekly volumes. Eastern cheese makers report steady to lighter production. Stocks are adequate for most needs. Demand for cheddar is fair to good, mostly fair. Interest in aged cheddar is improving seasonally. Sales of mozzarella are also improved now that colleges and schools are back in session. Food service orders are slower in resort areas; improved in urban areas.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.3875-1.8750
Cheddar Single Daisies	:	1.3575-1.8800
Cheddar 40# Block	:	1.5300-1.6800
Process 5# Loaf	:	1.5300-1.6800
Process 5# Sliced	:	1.5500-1.7150
Muenster	:	1.5725-1.9450
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is steady on natural, unsettled to weak on barrels and process. At the Chicago Mercantile Exchange on September 11, the 40 pound block price was unchanged at $1.3925, but barrels declined 1.5 cents to $1.3200. Process sales are fair at best. A few processors feel that users are working down inventories before reordering. Barrel offerings range from in balance to readily available. Some process lines are operating on reduced schedules due to the lack of orders. Lead times on many natural varieties have not declined. Supplies of many current natural varieties remain tight with some orders going unsatisfied. Swiss prices are unchanged to generally higher, reflecting the higher cost of milk. Overall cheese production is at low seasonal levels through most of the upper Midwest. Plant operators are still having difficulty in acquiring spot milk supplies, particularly at a reasonable price, to fill some orders. Cheese yields continue to trend higher as fat and protein levels in the milk are increasing seasonally.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4975-1.6400
Brick And/Or Muenster 5#	:	1.6600-1.8500
Cheddar 40# Block	:	1.6425-1.9150
Monterey Jack 10#	:	1.8425-1.9150
Blue 5#	:	1.9950-2.2000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7100-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.1000-2.4850

WEST

Sales activity remains generally on the slow side with barrels having more problems than blocks. Process prices are lower while natural and Swiss are steady. Buyers are looking at overall milk production, cheese output, and inventory levels and deciding that they probably don't have to buy much cheese ahead at this time. Most are just purchasing for replacement needs on an as needed basis. Mozzarella continues to move well as fall buying patterns take over. Swiss has the look of a strong market this fall with production lighter and the economy being strong. Production is declining more rapidly on a seasonal basis.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4975-1.7625
Cheddar 40# Block	:	1.5750-1.7300
Cheddar 10# Cuts	:	1.7500-1.9150
Monterey Jack 10#	:	1.7150-1.8775
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5600

FOREIGN TYPE

Prices are mostly unchanged. However, some changes were noted on imported Italian Romano. Contacts report an unsettled market for Romano plus the constantly changing exchange rate on the Italian Lira. Reports indicate that the EU has suspended subsidy bookings until early October. At that time, speculation has it, applications for bookings will be taken for only one week and then suspended again. This could have a dramatic impact on imports in 1998.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

	NEW YORK	
VARIETY	IMPORTED	DOMESTIC
Roquefort	5.5000-6.8900	-0-
Blue	2.6400-3.1400	1.7275-2.3375
Gorgonzola	3.2400-5.9400	2.3925-2.4900
Parmesan (Italy)	TFEWR	3.1375-3.1750
Romano (Italy)	2.0900-2.9000*	-0-
Provolone (Italy)	3.4400-5.5000	1.4000-1.9075
Romano (Cows Milk)	-0-	2.9250-3.1775
Sardo Romano (Argentine)	2.6500-3.2900	-0-
Reggianito (Argentine)	2.6500-3.2900	-0-
Jarlsberg-(Brand)	2.7400-3.1200	-0-
Swiss Cuts Switzerland	-0-	2.2500-2.5050
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	2.2500-2.7500	-0-
Edam		
2 Pound	TFEWR	-0-
4 Pound	2.1900-3.0900	-0-
Gouda, Large	2.3900-3.1500	-0-
Gouda, Baby ($/Dozen)		
10 Ounce	27.8000-31.7000	-0-

* = Price change.

FLUID MILK AND CREAM

EAST

Northeastern Milk Market Administrators announced the August 1997 uniform (blend) prices: Federal Order (F.O.) 1 is $12.26; F.O. 2, $12.22; F.O. 4, $12.70; F.O. 36, $12.35; and Western NY Milk Market Area, $12.27. During August, milk production in the 20 major states totaled 11.3 billion pounds, up 4.4% from last August. The following are the August-to-August changes for selected states: Florida and Virginia +4.8%, Vermont +2.3%, New York and Pennsylvania +2.2%, Kentucky +2.0%, and Texas -7.1%. Milk production is about steady in most sections of the East. Fluid milk supplies are fully adequate for the generally good Class I needs. Surplus milk volumes are tight in the Southeast, moderate in the Northeast. Manufacturing plant schedules are limited in the Southeast; moderate elsewhere. Florida handlers imported approximately 150 loads of milk this week. Contacts there indicate that imports will probably continue at or near this level for the next several weeks or until milk production starts to increase. Imports of milk into other Southeastern states are steady to occasionally lighter and continue in the 15-20 load/day range. The condensed skim market is unchanged and demand ranges from fair to good. Spot prices are steady to slightly lower. The fluid cream market is mixed. Offerings are fully adequate for the generally good demand. Higher butter prices last week are often offset by lower multiples. Cream cheese production is reportedly very heavy and clearing heavy volumes of cream. Ice cream output is holding up quite well as mild weather in much of the East is keeping consumption patterns at near summer levels. Churning activity is switching from very light last week to increasing this week. Some manufacturers are "cranking up" the churns that were idle last week. Some feel that prices may continue to increase and/or that export demand will continue to improve and they want a little more fresh butter on hand.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, $ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.3700 - 1.5800	
Delivered Equivalent Atlanta	-	1.4200 - 1.5400	M 1.4500-1.5000
F.O.B. Producing Plants: Upper Midwest	-	1.4300 - 1.5400	

PRICES OF CLASS II CONDENSED SKIM, $ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	0.9500 - 1.0350

MIDWEST

WISCONSIN SPOT SHIPMENTS:	LOADS
SEPTEMBER 12 - 18, 1997	49
PREVIOUS WEEK	62
COMPARABLE WEEK IN 1996	71

DESTINATIONS: FLORIDA 32, KENTUCKY 3, TENNESSEE 14

Class I demand was steady to improved within the region, especially late last week. Some intra regional movements in the upper Midwest were needed to acquire needed supplies. Fluid shipments to the Southeast were slower as a few more seasonal deals end. The usual milk shipments pooled under a Southern order were not needed this week. Wisconsin handlers also shipped 14 loads to Ohio. Manufacturing milk supplies are becoming a little more available but prices continue to reflect recent premiums. Cream prices are generally higher, reflecting higher butter prices at the Chicago Mercantile Exchange. Cream multiples are steady to occasionally lower. Cream supplies remain snug with transportation/trucker problems continuing for some handlers. Milk receipts are steady to often lower through most of the upper Midwest as the annual low point in the production cycle nears. The initial August estimated milk production in selected Midwestern states compared with August 1996 is: Wisconsin 1.95 billion pounds, up 65 million pounds (3.4%); Minnesota 766 million pounds, up 1 million pounds (0.1%); Michigan 462 million pounds, an increase of 12 million pounds (2.7%); and Iowa 338 million pounds, up 19 million pounds (6.0%). In all of these Midwest states, declines in the number of cows from the previous year were more than offset by increases in production per cow. The increase in production per cow per day range from a low of just over 1 pound for Minnesota to nearly 3.4 pounds (8.2%) per cow per day for Iowa. Warmer, above normal temperatures has aided in crop maturation though many farmers continue to fear an early frost.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	SEP 11-17	PREVIOUS YEAR
SLAUGHTER COWS	$ 33.50- 38.00	$ 29.00- 35.00
REPLACEMENT HEIFER CALVES	$100.00-145.00	$110.00-180.00

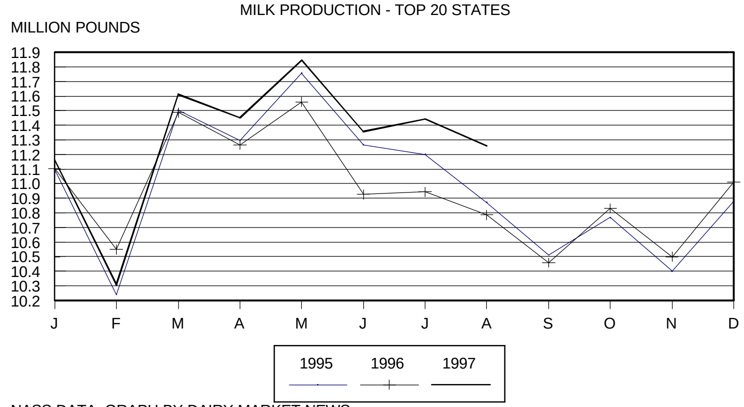
SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	SEP 11-17	PREVIOUS YEAR
SLAUGHTER COWS	$ 33.50- 38.00	$ 29.00- 34.50

WEST

Milk production during August in the 20 surveyed states totaled 11.3 billion pounds, up 4.4% when compared to August 1996. Milk production per cow was up 5.2% or 72 pounds higher than last August, averaging 1,454 pounds. Although production per cow was higher, cow number were lower. During August, milk cow numbers in the 20 survey states totaled 7.7 million head, 0.8%/51,000 head lower than last year. Of the surveyed Western states, their production percentage changes from last August are: WA +1.5%, AZ +6.3%, Id +7.5%, NM +8.7%, and CA 11.4%. Milk production patterns throughout most areas of the Southwest continue to run ahead of last year at this time. Warmer than normal temperatures in Southern California late last week have moderated and no noticeable decline in output has occurred. Milk volumes are reported to be fully sufficient for current bottling and manufacturing purposes. Diversions to local manufacturing are keeping plants on active production schedules. Cream markets remain active. Pricing multiples are unchanged, although demand for cream continues strong. The ice cream season is slowing now that summer vacations have ended and schools resume fall classes. Overall ice cream sales during the past summer were reported to be not as great as past years due to cooler temperatures. Heavy rains with cooling temperatures have moved into the Pacific Northwest. Rain amounts of from 2-4 inches are common. Corn silage harvest is being delayed by the rain, but should pick up again this weekend. Many plant intake contacts are commenting on the sharp downturn in milk production over the past two weeks. Plant production schedules are being disrupted and managers are scrambling to make good on orders, but they are falling behind on a regular basis. Hay harvesting continues and the rain is continuing to hurt the quality on most hay that is put up. More producer farm sales are noted. In most parts of the region there is no heifer market because of low milk prices and the shortage of quality hay stocks. Some heifer growers are "lending" animals to milkers so that they at least don't have to feed them. Cooler temperatures and rain are also disrupting the fall crop harvest in the northern Mountain States region. Milk is declining at a faster rate in the region. Plants continue to call around looking for additional supplies. They are not having much luck. A number of production plants are having problems finding needed cream supplies for fall product needs.

MILK PRODUCTION - TOP 20 STATES



NASS DATA, GRAPH BY DAIRY MARKET NEWS

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 09/18/97 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

The NDM market is about steady. A few producers are discounting product to stimulate sales and keep inventories from accumulating. DEIP activity is also aiding some producers in reducing inventory positions. Drying is light due to limited fluid supplies or better demand from other products such as cheese and whey.

Includes EXTRA GRADE and GRADE A, all heat treatments
NONFAT DRY MILK: 1.0400 - 1.1000 MOSTLY: 1.0550 - 1.0650

DRY BUTTERMILK - CENTRAL

The buttermilk market is steady on a limited test. Overall demand is generally slow. Ice cream use has declined seasonally. Increased churning at some locations is providing somewhat larger volumes of buttermilk to dry. Milk supplies in other areas are limited so producers have limited supplies available for sale.

BUTTERMILK: 1.0200 - 1.1050

DRY WHEY - CENTRAL

The whey market remains firm and prices are higher. Buyers are having great difficulty in acquiring spot supplies in the Midwest. Some interest is going unsatisfied as product is just not available. A few buyers have acquired a few loads from the West but, overall, supplies are tight. A few producers are trying to buy product to help meet commitments made previously. Other buyers have had commitments delayed further with some loads canceled. Drying schedules are light.

NONHYGROSCOPIC: .2350 - .2550 MOSTLY: .2400 - .2500

ANIMAL FEED WHEY - CENTRAL

The animal feed market is steady to firm on a light test. Interest is improving seasonally from some milk replacer users. Offerings of downgraded whey are limited as edible production is light. Standard prices remain too few to report. A few buyers are switching to feed grade lactose or WPC due to tight whey supplies and higher prices.

MILK REPLACER:	.2100 - .2300
STANDARD:	TFEWR
ROLLER GROUND:	.2375 - .2450
DELACTOSE (Min. 20% protein):	.3350 - .3600

LACTOSE - CENTRAL AND WEST

Prices are lower at the bottom of the range, but the mostly is unchanged due to contracts made previously. Most current spot sales are occurring near the low end of the range. Tight whey supplies, combined with higher whey prices are causing some buyers to consider lactose as an alternative for both edible and feed needs. Most producers have supplies available.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
EDIBLE: .1900 - .2800 MOSTLY: .2100 - .2500

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

The WPC market is weak and prices are generally lower. Some blenders are considering switching to WPC as a replacement for whey due to high whey prices and limited supplies. Offerings are available from most producers and resellers.

EXTRA GRADE 34% PROTEIN: .5900 - .6250 MOSTLY: .6050 - .6100

NONFAT DRY MILK - WEST

The Western NDM market tone remains weak. Prices are steady to lower. Western producers offered CCC over 5 million pounds of surplus powder last week and offerings continue this week. Market conditions and seasonally declining milk volumes may limit future offerings to the government. Due to the quick turn-around, some producers are considering canceling some of their recent offerings. Domestic buying interest remains light and unaggressive. Early reports suggest that Western powder with some age or possibly quality problems may be clearing to other areas of the country at attractive delivered prices.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	1.0300 - 1.0650	MOSTLY: 1.0300 - 1.0500
HIGH HEAT:	1.0550 - 1.0800	

DRY BUTTERMILK - WEST

Butter milk powder markets are weak as prices hold steady to lower. Stocks of powder range from light to moderate. Demand is seasonally slow. Churning schedules are edging lower which is also limiting buttermilk to the dryer.

BUTTERMILK: 1.0000 - 1.0700 MOSTLY: 1.0000 - 1.0300

DRY WHEY - WEST

Range prices narrowed, but the mostly continues to exhibit firmness. A number of firms are increasing offering prices. Domestic sales activity is leading this market strength at this time. Buyers from other regions of the country are being forced to go to the West searching for available supplies of whey because they are not able to find whey from more local sellers. Whey supplies are tightening as a number of plants pursue other options and as milk supplies decline much more rapidly on a seasonal basis. The speed of the turn around caught some Western contacts by surprise.

NONHYGROSCOPIC: .2050 - .2250 MOSTLY: .2100 - .2175

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended September 12, on powder sales of 9,694,057 pounds f.o.b. California manufacturing plants was $1.0482 per pound. This compares to 8,723,941 pounds at $1.0543 for the previous week ending September 5, 1997. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are unchanged and the market tone remains weak. Powder is in ample supply in all regions and in more cases. Production levels are light in the Southeast, moderate in the Northeast. Producers' stocks are ample for the generally sluggish demand. Reports of attractively priced Western powder have been noted in the East, but some of these offers are for powder that may have some age on it or the quality is "less than perfect." Also, there are offers from users who bought earlier in the spring, but are now using condensed skim because of costs. Overall demand for NDM is lackluster. Most buyers see nothing on the market horizon to encourage them to buy beyond immediate needs.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST:	1.0500 - 1.1400
DELVD SOUTHEAST:	1.0750 - 1.0825

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are unchanged. Production levels are light to moderate. However, some butter makers are starting to increase output which should produce more buttermilk. The call for condensed buttermilk is slowing seasonally, but drying is still somewhat limited. Producers' stocks range from light to balanced. Demand is seldom better than fair.

F.O.B. NORTHEAST:	1.0300 - 1.0725
DELVD SOUTHEAST:	1.0725 - 1.1400

DRY WHOLE MILK - NATIONAL

Prices are steady to higher and the market tone is fairly firm. Demand is improved as some moderate sized DEIP bids have recently been accepted. Domestic demand is still slow to fair. Production is often lighter where fluid milk supplies are tight. The Kansas City Commodity Office (KCCO) invites offers to sell to CCC, under WME-1, approximately 200 MT of dry whole milk for export, packed in 6/4 pound pouches for shipment October 1 - November 8, 1997. Offers are due September 18. KCCO also announced the purchase of 1,013 MT (2,233,260 pounds) of dry whole milk, packed in 6/4 KG cans at$1.5745 per pound. The purchase was for export under invitation 097A and shipment September 15 - October 20, 1997.

F.O.B. PRODUCING PLANT:	1.2300 - 1.3200

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1997 THROUGH SEPTEMBER 12, 1997
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	41,674	MT (91,874,500 LBS)
CHANGE	--	1,813	MT (3,996,940 LBS)
WHOLE MILK POWDER	--	668	MT (1,472,673 LBS)
CHEESE	--	604	MT (1,331,578 LBS)
CHANGE	--	127	MT (279,984 LBS)
BUTTERFAT	--	8,234	MT (18,152,676 LBS)
CHANGE	--	1,632	MT (3,597,907 LBS)

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are higher and remain nominal. Few spot sales from producers have been reported this week. The market tone is very firm and many contacts express surprise at how fast this market turned around. Offerings from both producers and resellers are very tight. As is the case when stocks become this tight, loads that are traded are now passing through many hands before winding up at an end user. Production levels are lighter and often unable to fill contracts. Some producers have notified buyers that they are temporarily suspending/ delaying shipments or contracts until production returns to more normal levels. This, of course, only adds to the supply problems. Grade A whey seems to be in the tightest position. Some producers are not taking any new orders. Those who are, do so with delivery times 3 - 5 weeks from now. Demand is very good, but often unsatisfied.

F.O.B. NORTHEAST:	EXTRA GRADE	.2350 - .2600
	USPH GRADE A	.2475 - .2800
DELVD SOUTHEAST:		.2550 - .2850

ANIMAL FEED WHEY - NORTHEAST

Prices are higher and nominal. The market tone is firm. Dry whey stocks are tight and few producers have product for spot sale. Production levels are lighter. Typically, spot buying interest from animal feed makers is slowing as prices move higher.

F.O.B. NORTHEAST:	MILK REPLACER	.2200 - .2275

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are often lighter as surplus milk volumes are not as heavy as past weeks. Plant stocks are moderate to heavy and, occasionally not as heavy as desired. Much of this build up is to fill fall/winter orders. Current demand is fair to improved.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES $22.50 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets and prices are much the same as they have been for the past few weeks. Stocks of both rennet and acid are readily available for current needs. Importers and users of casein report no difficulty in securing sufficient volumes for future needs. Most feel that stock availability should remain steady through the balance of the calendar year, although pressure continues to grow to maintain low-priced acid around the $2.00 mark.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.2000 - 2.2800
ACID:	2.0000 - 2.1000

AUGUST MILK PRODUCTION

Milk production in the 20 major States during August totaled 11.3 billion pounds, 4.4 percent above production in these same States in August 1996. July revised production, at 11.4 billion pounds was 4.6 percent above July 1996.

Production per cow in the 20 major States averaged 1,454 pounds for August, 72 pounds above August 1996.

The number of cows on farms in the 20 major States was 7.74 million head, down 58,000 head from August 1996 and down 3,000 from July 1997.

AUGUST 1997 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	1996	1997	1996	1997	1996	1997	% CHANGE FROM 1996
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	122	126	1,440	1,484	176	187	6.3
CA	1,265	1,302	1,685	1,825	2,132	2,376	11.4
FL	156	161	1,070	1,085	167	175	4.8
ID	260	274	1,640	1,670	426	458	7.5
IL	153	146	1,230	1,320	188	193	2.7
IN	140	140	1,260	1,300	176	182	3.4
IA	250	245	1,275	1,380	319	338	6.0
KY	151	146	975	1,025	147	150	2.0
MI	320	308	1,405	1,500	450	462	2.7
MN	600	585	1,275	1,310	765	766	0.1
MO	175	173	1,090	1,095	191	189	-1.0
NM	196	201	1,585	1,680	311	338	8.7
NY	703	698	1,360	1,400	956	977	2.2
OH	285	280	1,230	1,310	351	367	4.6
PA	641	639	1,360	1,395	872	891	2.2
TX	397	388	1,135	1,080	451	419	-7.1
VT	157	157	1,375	1,410	216	221	2.3
VA	126	121	1,160	1,264	146	153	4.8
WA	264	264	1,735	1,760	458	465	1.5
WI	1,441	1,390	1,310	1,405	1,888	1,953	3.4
20 STATE TOTAL	7,802	7,744	1,382	1,454	10,786	11,260	4.4

1/ Includes dry cows. Excludes heifers not yet fresh.
2/ Excludes milk sucked by calves.

SOURCE: "Milk Production," Da 1-1 (9-97), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

TOTAL COW SLAUGHTER UNDER FEDERAL INSPECTION, UNITED STATES, JANUARY 1995 TO DATE (THOUSAND HEAD)

1995			1996			1997		
Week Ending	All Cows	Dairy Cows	Week Ending	All Cows	Dairy Cows	Week Ending	All Cows	Dairy Cows
Jan 7	115.8	56.3	Jan 6	118.0	54.6	Jan 4	125.1	55.7
14	136.3	68.2	13	140.5	61.8	11	161.8	72.7
21	128.9	64.5	20	142.3	63.8	18	135.2	61.1
28	124.2	64.3	27	133.1	63.2	25	150.9	67.4
Feb 4	117.5	62.8	Feb 3	122.7	56.8	Feb 1	133.3	62.4
11	119.2	59.7	10	120.2	59.3	8	133.4	62.7
18	114.5	59.1	17	147.6	67.7	15	126.2	62.1
25	122.4	62.8	24	134.9	61.4	22	122.0	59.1
Mar 4	117.0	59.2	Mar 2	127.9	64.1	Mar 1	122.3	60.9
11	108.1	57.0	9	120.2	55.7	8	118.8	58.4
18	117.5	58.9	16	122.9	59.7	15	129.6	61.8
25	120.5	57.3	23	130.6	58.4	22	122.1	58.1
Apr 1	111.5	51.7	30	124.0	55.9	29	122.2	55.8
8	103.9	51.0	Apr 6	122.9	57.1	Apr 5	118.2	54.3
15	103.2	49.0	13	125.6	55.4	12	116.5	54.8
22	110.5	51.8	20	136.4	60.6	19	120.1	55.9
29	115.0	54.5	27	135.4	54.8	26	123.9	54.5
May 6	108.8	49.7	May 4	130.1	52.0	May 3	114.2	51.1
13	105.3	49.9	11	125.2	50.6	10	117.5	52.5
20	105.3	49.0	18	135.2	59.2	17	111.3	50.0
27	110.4	49.9	25	138.1	54.0	24	112.9	50.7
Jun 3	95.6	43.9	Jun 1	128.7	49.0	31	98.6	44.4
10	112.1	52.6	8	133.4	53.0	Jun 7	111.3	50.5
17	107.5	48.5	15	129.1	51.4	14	101.0	45.0
24	103.7	44.9	22	129.0	49.3	21	101.7	45.1
Jul 1	111.2	50.9	29	131.1	51.1	28	113.4	49.6
8	85.8	41.3	Jul 6	99.7	38.6	Jul 5	90.4	40.8
15	111.1	52.1	13	135.5	57.0	12	116.0	52.0
22	99.6	48.6	20	140.3	59.3	19	114.6	50.1
29	100.6	48.9	27	125.5	53.8	26	112.5	51.2
Aug 5	100.3	47.8	Aug 3	122.8	54.7	Aug 2	119.9	52.8
12	106.2	50.2	10	128.4	54.5	9	117.3	53.1
19	107.7	53.7	17	132.2	56.8	16	119.9	54.8
26	109.8	51.1	24	141.9	60.8	23	117.8	56.0
Sep 2	118.6	55.7	31	137.4	59.7	30	116.0	54.3
9	100.9	48.6	Sep 7	109.7	50.2	Sep 6		
16	126.8	58.3	14	133.0	57.6	13		
23	124.9	57.1	21	134.5	60.8	20		
30	123.7	57.9	28	132.1	59.3	27		
Oct 7	123.3	54.8	Oct 5	137.6	58.0	Oct 4		
14	125.8	55.7	12	149.4	62.9	11		
21	133.7	55.9	19	154.4	63.6	18		
28	142.3	59.5	26	159.6	65.0	25		
Nov 4	152.8	64.1	Nov 2	166.8	65.5	Nov 1		
11	148.7	61.8	9	163.8	65.8	8		
18	156.5	63.6	16	166.3	65.8	15		
25	120.9	50.7	23	162.7	64.1	22		
Dec 2	150.4	63.5	30	127.9	53.1	29		
9	153.4	65.7	Dec 7	165.0	68.8	Dec 6		
16	130.7	56.5	14	169.0	70.8	13		
23	130.7	60.8	21	150.3	62.8	20		
30	107.2	49.4	28	101.9	43.2	27		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, the Food Safety and Inspection Service and the National Agricultural Statistics Service, all of USDA.

ESTIMATED U.S. SUPPLY AND USE PROJECTIONS FOR MILK*

Milk production is larger than expected as both output per cow and the number of cows slightly exceed expectations. The milk production forecasts for the remainder of 1996/97 and for 1997/98 are boosted. Stocks of dairy products, particularly nonfat dry milk, are larger than expected. Weakness in the skim market is resulting in CCC purchases of nonfat dry milk under the price support program. Commercial use estimates for 1997/98, on both a fat and skim solids basis, are increased. Milk price forecasts for 1997/98 are reduced slightly.

U.S. MILK SUPPLY AND USE

Item	1995/96 1/	1996/97 Estimate 1/		1997/98 Projection 1/	
		August	September	August	September
SUPPLY	**BILLION POUNDS**				
BEGINNING COMMERCIAL STOCKS 2/ 23/	4.6	4.9	4.9	5.9	6.1
PRODUCTION	154.1	155.8	156.2	156.4	156.7
FARM USE	1.5	1.4	1.4	1.3	1.3
MARKETINGS	152.6	154.3	154.8	155.1	155.4
IMPORTS 2/	2.8	3.0	3.0	3.3	3.3
TOTAL COMMERCIAL SUPPLY 2/	160.0	162.3	162.7	164.2	164.8
USE					
COMMERCIAL USE 2/	154.9	155.6	155.9	157.4	157.9
ENDING COMMERCIAL STOCKS 2/	4.9	5.9	6.1	5.7	5.7
CCC NET REMOVALS:					
MILKFAT BASIS 3/	0.1	0.8	0.8	1.1	1.2
SKIM SOLIDS BASIS 3/	1.1	2.7	2.8	2.4	2.6
	DOLLARS PER CWT.				
PRICES RECEIVED BY FARMERS 4/					
BASIC FORMULA (BFP)	13.50	11.80-11.90	11.80-11.90	11.65-12.55	11.50-12.30
ALL MILK 5/	14.49	13.50-13.60	13.50-13.60	12.85-13.75	12.70-13.50
	MILLION POUNDS				
CCC PRODUCT NET REMOVALS 3/					
BUTTER	1	25	27	40	45
CHEESE	5	12	11	7	7
NONFAT DRY MILK	84	215	230	190	210

	QUARTERLY 6/			ANNUAL 6/	
	1997 III	1997 IV	1998 I	1997	1998
	BILLION POUNDS				
MILK PRODUCTION	38.7	38.2	39.2	156.4	156.9
	DOLLARS PER CWT.				
ALL MILK PRICE 4/ 5/	12.40-12.60	13.70-14.20	12.90-13.70	13.10-13.30	12.65-13.65
BASIC FORMULA PRICE 4/	11.70-11.90	12.35-12.85	11.40-12.20	11.80-12.00	11.50-12.50

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes products exported under Dairy Export Incentive Program. 4/ Projections indicate a range of the average for the quarter or year. 5/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 6/ Calendar year basis projection.
* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: James E. Nix, Chairman, WAOB; Arthur Coffing, FAS; John Mengel, FSA; Robert R. Miller, AMS; and James Miller, ERS.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-330, World Agricultural Outlook Board, USDA, September 12, 1997.

JULY FLUID MILK SALES HIGHLIGHTS

During July, sales of fluid milk products in comparable Federal milk order marketing areas and California were 0.3 percent below the previous year and 0.4 percent above May 1997 on an adjusted daily average basis. Sales of whole milk items were 0.5 percent below the previous year; sales of lowfat and skim milk items were 0.4 percent below the previous year. Total fluid milk sales were higher in the Far West region and lower in all other regions.

SUMMARY OF PACKAGED SALES OF WHOLE MILK ITEMS, LOWFAT AND SKIM MILK ITEMS, AND TOTAL FLUID MILK ITEMS IN FEDERAL MILK ORDER MARKETING AREAS AND CALIFORNIA, GROUPED BY REGION, JULY 1997, WITH COMPARISONS 1/

Region 4/	Whole Milk Items 2/				Lowfat and Skim Milk Items 3/				Total Fluid Items			
	Sales		Change from:		Sales		Change from:		Sales		Change from:	
	Jul	Year to date	Prev. year 5/	Year to date 5/	Jul	Year to date	Prev. year 5/	Year to date 5/	Jul	Year to date	Prev. year 5/	Year to date 5/
	Mil. lbs.		Percent		Mil. lbs.		Percent		Mil. lbs.		Percent	
Northeast	339	2,424	-3.2	2.3	426	3,114	-0.1	-0.6	765	5,538	-1.4	-1.3
Southeastern	363	2,485	3.3	0.9	441	3,315	-2.9	0.6	804	5,800	-0.1	0.7
Midwest	255	1,789	-1.3	-1.4	869	6,456	-0.5	-0.1	1,124	8,245	-0.9	-0.4
Southwest	170	1,165	0	-2.0	186	1,402	-0.7	-0.2	356	2,568	-0.3	-1.0
Far West	340	2,311	-1.3	-1.8	650	4,705	1.6	1.4	990	7,016	0.7	0.3
All Areas Combined	1,466	10,175	-0.5	-1.2	2,573	18,992	-0.4	0.3	4,039	29,167	-0.3	-0.2

1/ These figures are representative of the consumption of fluid milk products in comparable Federal milk order marketing areas and California, and represents approximately 91 percent of total fluid milk sales in the U.S. 2/ Whole milk items include plain, flavored, and miscellaneous whole milk products. 3/ Lowfat and skim milk items include plain, solids added, flavored, and miscellaneous lowfat and skim milk products, and buttermilk. 4/ For the marketing areas included in each region, see DMN Vol. 64, report #13. Far West includes California. 5/ Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition. See DMN Vol. 59, report #13.

PACKAGED SALES OF FLUID MILK PRODUCTS IN ALL MARKETING AREAS DEFINED BY FEDERAL MILK ORDERS AND CALIFORNIA, JUNE 1997, WITH COMPARISONS 1/

Product Name	Sales	Change from:	
		Previous Year	Year to Date
	Mil.lbs	Percent	
Whole milk 2/	1,385	-1.2	-1.3
2% Lowfat Milk	1,260	-1.4	-2.5
1% Lowfat Milk 3/	497	3.2	4.7
Skim Milk	663	3.9	3.4
Buttermilk	49	-0.2	-3.3
Total Fluid Milk Products 4/	3,867	0.0	-0.2

1/ These sales volumes and percent changes include preliminary data for the New York-New Jersey milk order marketing area and the California State milk order. However, data for the Black Hills market, which was terminated October l, 1996, are excluded. Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition. 2/ Includes flavored whole milk. 3/ Includes flavored lowfat and skim milk. 4/ Includes miscellaneous products.

SOURCE: Monthly summaries of *Federal Milk Order Market Statistics*, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

FEDERAL MILK ORDER PRICE AND POOL HIGHLIGHTS

FEDERAL MILK ORDER MARKET SUMMARY FOR AUGUST 1997. During August, about 7.6 billion pounds of milk were marketed under Federal orders. (Since significant volumes of milk that normally would have been pooled under Federal milk orders were not pooled in August 1997 and 1996, the following comparisons involving producer deliveries have been estimated.) For comparable markets, producer deliveries were about unchanged from August 1996, and about 4.9 percent less than July 1997 on a daily average basis. Milk utilized in Class I products in August was 0.7 percent more than last year on an adjusted basis. Class I use this year represented 49 percent of producer milk deliveries compared to 50 percent in August 1996. The average blend price was $12.60 per cwt., $3.10 less than last year. Changes in class prices from year-earlier levels were as follows: Class I, down $3.18; Class II, down $3.18; Class III, down $2.87; and Class III-A, down $3.90.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF AUGUST 1997

FEDERAL MILK ORDER MARKETING AREAS 1/	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE 2/		BUTTER-FAT DIFF. 3/
		1997 TOTAL	CHANGE FROM 1996 4/	1997 TOTAL	CHANGE FROM 1996 4/	1997	1996	1997	1996	1997
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
New England (Boston)	1	463.3	4.3	211.3	-2.2	46	49	12.98	16.20	10.6
New York/New Jersey (NY City)	2	1,005.1	5.7	396.3	5.7	39	39	12.94	16.02	10.6
Middle Atlantic (Philadelphia-Baltimore/Washington, D.C.)	4	509.8	0.7	245.4	-12.8	48	56	12.70	16.04	---
NORTHEAST REGION		1,978.1	4.0	853.0	-2.2	43	46	12.89	16.07	10.6
Carolina (Charlotte)	5	220.3	8.7	176.2	0.6	80	86	13.34	16.50	10.6
Tennessee Valley (Knoxville/Chattanooga)	11	121.7	10.0	90.7	-1.1	75	83	13.05	16.34	10.6
Southeast (Atlanta/Birmingham)	7	447.4	18.7	343.8	3.5	77	88	13.37	16.63	10.6
Florida Markets (Tampa /Jacksonville/ Tallahassee/Miami)	12 5/	205.9	3.9	181.1	-1.0	88	92	14.12	17.50	10.6
SOUTHEASTERN REGION		995.3	12.0	791.8	1.3	80	88	13.48	16.76	10.6
Michigan Upper Peninsula (Marquette)	44	4.9	2.5	4.5	5.5	91	88	12.10	15.21	10.6
Southern Michigan (Detroit)	40*	370.3	1.6	174.6	-3.7	47	50	12.04	15.22	---
E. Ohio/W. PA (Cleveland/Pittsburgh)	36	271.2	-1.9	141.1	-6.8	52	55	12.35	15.41	---
Ohio Valley (Columbus)	33	243.5	-0.6	133.2	-6.6	55	58	12.24	15.38	---
Indiana (Indianapolis)	49*	157.9	7.0	95.7	-3.5	61	67	12.06	15.39	---
Chicago Regional	30*	744.0	1.7	240.9	10.1	32	30	11.94	14.92	---
Central Illinois (Peoria)	50	15.6	11.1	12.1	4.9	77	82	12.22	15.39	10.6
S. Illinois-E. Missouri (Alton)	32*	141.5	2.6	87.7	-4.2	62	66	12.23	15.38	10.6
Louisville-Lexington-Evansville	46	95.2	18.0	70.6	4.2	74	84	12.50	15.78	10.6
Upper Midwest (Minneapolis)	68*	257.9	-24.7	131.9	-10.2	51	43	11.91	14.99	---
Iowa (Des Moines)	79* 6/	148.1	-20.4	---	---	---	44	12.16	15.29	---
Nebraska/W. Iowa (Omaha/Sioux City)	65*	126.1	16.4	51.3	-1.8	41	48	12.12	15.23	---
Greater Kansas City/E. S. Dakota	64 7/ 8/	40.7	---	---	---	---	62	12.59	15.49	10.6
MIDWEST REGION	9/	2,428.2	-1.0	1,143.4	-0.2	47	48	12.09	15.17	10.6

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF AUGUST 1997

FEDERAL MILK ORDER MARKETING AREAS 1/	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE 2/		BUTTER-FAT DIFF. 3/
		1997 TOTAL	CHANGE FROM 1996 4/	1997 TOTAL	CHANGE FROM 1996 4/	1997	1996	1997	1996	1997
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
Southwest Plains (Oklahoma City)	106	255.0	-10.7	124.9	-7.5	49	47	12.79	15.86	10.6
Texas (Dallas)	126	442.2	-5.6	274.5	-6.8	62	63	13.03	16.12	10.6
SOUTHWEST REGION		697.2	-7.5	399.3	-7.1	57	57	12.94	16.02	10.6
E. Colorado/W. Colorado (Denver)	137 7/	138.1	-6.5	67.1	-6.5	49	49	12.64	15.72	10.6
SW. Idaho/E. Oregon (Boise)	135 10/	131.0	-44.0	15.6	0.3	12	7	12.08	14.95	---
Great Basin (Salt Lake City)	139	182.6	-20.8	73.0	-3.0	40	33	12.23	15.29	---
Central Arizona (Phoenix)	131*	174.7	2.8	85.1	-2.8	49	52	12.55	15.66	10.6
New Mexico-West Texas (Albuquerque)	138	169.0	-18.0	54.3	-9.5	32	29	12.42	15.37	10.6
Pacific Northwest (Seattle/Portland)	124	562.0	-0.9	172.0	-3.3	31	31	12.08	15.30	---
FAR WEST REGION		1,357.4	-12.7	467.1	-4.3	34	31	12.26	15.33	10.6
COMP MKT. AVERAGE OR TOTAL	9/	7,456.2*	-1.3*	3,654.7	-2.3	49	50	12.60	15.70	10.6
ALL-MKT. AVERAGE OR TOTAL	6/ 8/	7,644.9	-1.9	3,654.7	-3.8	48	49	12.59	15.69	10.6
YEAR-TO-DATE AVG./TOTAL										
Northeast Region		16,049.1	2.1	6,708.2	-0.4	42	43			
Southeastern Region		8,530.1	7.5	6,538.6	0.1	77	82			
Midwest Region	9/	28,751.3*	10.2*	9,504.2	-0.1	33	36			
Southwest Region		6,597.2	-6.6	3,158.7	0.7	48	44			
Far West Region		12,151.2*	5.1*	3,734.0	-0.9	31	33			
COMP MARKET AVERAGE OF TOTAL	9/	72,079.0*	5.4*	29,643.6	-0.2	41	43	12.77	14.37	----
ALL MARKET AVERAGE OR TOTAL	6/ 8/	72,561.5	5.2	29,643.6	-1.4	41	44	12.78	14.38	----

* Because of certain pricing situations in these markets, handlers elected not to pool an estimated 1.4 billion and 1.3 billion pounds of milk in August 1997 and 1996, respectively, that normally would have been pooled under these orders. The total estimated amounts not pooled for this reason through the month of August are: for 1997, 4.5 billion pounds; and for 1996, 6.8 billion pounds. If these volumes had been pooled, the following percent changes in producer deliveries would have resulted: for August, Midwest region +1.8, Far West region -12.4, and all-market average 0. Year to Date, Midwest region +1.5, Far West region +3.7, and all-market average +1.9. 1/ Names in parentheses are principal cities and pricing points of markets. 2/ Prices are for 100 pounds of milk with a butterfat content of 3.5%. 3/ Amount by which the blend price is adjusted for each .1% that the butterfat content of a producer's milk varies from 3.5%. For example, if the butterfat content of the milk that a producer delivers to a regulated handler located in Boston (New England's market) is 4.0%, then the producer's blend price would be $13.51. (4.0 minus 3.5 equals .5; 5 times $.106 equals $.530; $12.98 plus $.530 equals $13.510.) 4/ Percentage changes have been adjusted for the different number of days in the two periods. 5/ Pool data are either a summation or weighted average of the Tampa Bay, Upper Florida, and Southeastern Florida marketing areas. The blend prices are for the Tampa Bay market. Blend prices for other markets are: Upper Florida: 1997, $14.10; 1996, $17.35; and Southeastern Florida: 1997, $14.68; and 1996, $17.88. 6/ Class I receipt and utilization data for the Iowa marketing area are restricted for August 1997, and are excluded from all-market figures. 7/ Figures represent a combination of data for the indicated markets except for the producer blend prices which are for the first market listed. Blend prices for other markets are: Eastern South Dakota: 1997, $12.17; 1996, $15.22; and Western Colorado: 1997, $12.56; 1996, $15.79. 8/ The data for 1996 also includes the Black Hills marketing area. Effective October 1, 1996, the order regulating this marketing area was terminated. Class I receipt and utilization data for the Greater Kansas City/Eastern South Dakota area are restricted, effective October 1996, and are excluded from all-market figures. 9/ Figures are based on the same group of comparable markets--markets where orders were in effect the entire period 1996-97 and for which the data were not affected significantly by marketing area changes. Data for Iowa and Greater Kansas City/Eastern South Dakota are no longer comparable; see 6/ and 8/. 10/ The change from the previous year in receipts used in Class I in July, printed last month, should have read -3.2.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF SEPTEMBER 15 - 19, 1997			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/96	SAME PERIOD LAST YEAR	PERIOD ENDING 09/12/97	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	330,284	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	392,874	-0-	-0-	-0-
Process	-0-	-0-	-0-	1,184,400	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	1,907,558	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	3,189,052	-0-	3,189,052	30,917,277	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	3,189,052	-0-	3,189,052	30,917,277	-0-	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF SEPTEMBER 15 - 19, 1997 =	0.7	37.1	COMPARABLE WEEK IN 1996 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1996 =	24.4	378.8	CUMULATIVE SAME PERIOD LAST YEAR =	0.0	0.0
CUMULATIVE JANUARY 1 - SEPTEMBER 19, 1997 =	24.4	378.8	COMPARABLE CALENDAR YEAR 1996 =	0.0	0.0

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22
**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/96 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96
MIDWEST	-0-	-0-	1,514,684	-0-	-0-	-0-	57.3	0.0
WEST	-0-	-0-	392,874	-0-	30,917,277	-0-	42.7	0.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
TOTAL	-0-	-0-	1,907,558	-0-	30,917,277	-0-	100.0	0.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1997

MANUFACTURING MILK: Average Test 3.67% - $10.20 per cwt.; 3.5% - $10.10

DOLLARS PER POUND

BUTTER: Bulk $.6500; 1# Prints $.6800

CHEESE: 40 & 60# Blocks $1.1300; 500# Barrels $1.1000; Process American 5# $1.1825; Process American 2# $1.2225

NONFAT DRY MILK: Nonfortified $1.0470; Fortified $1.0570; Instant $1.2045

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 08/30/97 & Comparable Week 1996 (1/ 2/)

Regions*	1	2	3**	4**	5	6	7	8	9	10	U.S. TOTAL WEEK	U.S. TOTAL SINCE JAN 1	% DAIRY OF ALL WEEK	% DAIRY OF ALL SINCE JAN 1
1997-Dairy cows HD (000)	0.3	1.6	---	12.4	19.6	3.2	3.7	1.5	9.1	2.9	54.3	1,921.7	46.8	45.9
1996-Dairy cows HD (000)	0.4	1.4	---	13.5	24.4	2.5	4.2	1.3	9.5	2.6	59.7	1,975.1	43.4	43.4
1997-All cows HD (000)	0.5	1.6	---	26.2	27.9	16.5	18.0	7.0	11.6	6.6	116.0	4,187.9		
1996-All cows HD (000)	0.4	1.4	---	29.1	32.8	21.7	21.5	10.2	13.1	7.2	137.4	4,548.9	**REGION 3 & 4 COMBINED**	

1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE INVITATIONS (POUNDS)

CHEESE **NOVEMBER DELIVERY** OFFERS ARE DUE SEPT. 30. PUBLIC RELEASE OF AWARDS WILL BE OCT. 3 AT 4:00 P.M.(CST).

PROCESS	4,237,200
MOZZARELLA	2,298,240
NATURAL AMERICAN	904,902

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/96 = 89,409,375 CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/96 = 12,521,747

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, $/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07				